



Control Number: 50664



Item Number: 167

Addendum StartPage: 0



Austin
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Austin, TX 78744
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ercot.com

April 16, 2020

Public Utility Commission of Texas
Chairman DeAnn T. Walker
Commissioner Arthur C. D'Andrea
Commissioner Shelly Botkin
1701 N. Congress Ave.
Austin, Texas 78711

Re: PUC Project No. 50664, Issues Related to the State of Disaster for Coronavirus Disease 2019 – Update on COVID-19 Electricity Relief Program Loan Agreements between ERCOT and TDUs

Dear Chairman and Commissioners:

Electric Reliability Council of Texas, Inc. (ERCOT) files this update in response to the Public Utility Commission of Texas' (Commission) Order Related to COVID-19 Electricity Relief Program, issued on March 26, 2020. ERCOT has complied with Ordering Paragraph No. 5 by entering into loan agreements with the Transmission Distribution Utilities (TDUs) noted below and fully funding the initial contribution of \$15 Million in proportion to the number of residential customers reported to the Commission for each TDU Program Participant as of December 31, 2019. The below table – which is reflected as Schedule I/A in each loan agreement – shows the allocation of the ERCOT initial contribution.

<u>TDU Program Participant</u>	<u>Residential Customers as of December 31, 2019</u>	<u>Percentage of All Residential Customers</u>	<u>Allocation of ERCOT Total Contribution</u>
Oncor Electric Delivery Company LLC	3,129,177	48.39%	\$7,258,360.60
CenterPoint Energy Houston Electric, LLC	2,243,188	34.69%	\$5,203,242.70
AEP Texas Inc.	881,537	13.63%	\$2,044,791.15
Texas-New Mexico Power Company	212,800	3.29%	\$493,605.55
TOTAL	6,466,702	100.00%	\$15,000,000.00

Further, consistent with the COVID-19 Electricity Relief Program requirements, ERCOT hereby provides the loan agreements entered into between ERCOT and each TDU (Attachments 1 thru 4) as listed below:

- Attachment 1 AEP Texas Inc.
- Attachment 2 CenterPoint Energy Houston Electric, LLC
- Attachment 3 Oncor Electric Delivery Company LLC
- Attachment 4 Texas-New Mexico Power Company

ERCOT stands ready to address any questions the Commission may have regarding this information.

Sincerely,

/s/ Chad V. Seely

Chad V. Seely

Vice President and General Counsel

Project No. 50664

Issues Related to the State of Disaster for Coronavirus Disease 2019

Attachment 1

LOAN AGREEMENT

Dated as of April 14, 2020

between

AEP TEXAS INC.,
as the TDU Borrower,

and

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.,
as the Lender

LOAN AGREEMENT

dated as of April 14, 2020

between

**AEP TEXAS INC.,
as the TDU Borrower,**

and

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.,
as the Lender**

LOAN AGREEMENT

THIS LOAN AGREEMENT (as amended, supplemented, restated or otherwise modified from time to time, this “Agreement”) effective as of April 14, 2020, is made and entered into between **AEP TEXAS INC.** (the “TDU Borrower”) and **ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.** (“ERCOT” or the “Lender”).

RECITALS

WHEREAS, on March 13, 2020, in response to the growing threat of the coronavirus disease (“COVID-19”), Governor Greg Abbott issued a Declaration of State of Disaster (the “Declaration”) for all counties in the State of Texas;

WHEREAS, in connection with the Declaration, on March 26, 2020, the Public Utility Commission of Texas (the “PUC”) issued that certain Order Related to COVID-19 Electricity Relief Program in Project No. 50664, *Issues Related to the State of Disaster for Coronavirus Disease 2019* (the “Order”), pursuant to which the PUC authorized a customer assistance program for eligible residential customers of retail electric service in areas of the State of Texas open to customer choice (the “COVID-19 Electricity Relief Program”);

WHEREAS, the Order requires the TDU Borrower to (a) file within ten days of the date of the Order a tariff rider (the “Rider”) to implement the terms of the COVID-19 Electricity Relief Program and (b) comply with all other applicable provisions thereof;

WHEREAS, the Order further requires ERCOT to provide an initial contribution in the form of a loan to the TDU Borrower, and to each other transmission and distribution utility in the ERCOT region (collectively with the TDU Borrower, the “TDU Program Participants”), for the COVID-19 Electricity Relief Program, such aggregate initial contribution to be in an aggregate amount of \$15,000,000 (the “ERCOT Total Contribution”) for all of the TDU Program Participants;

WHEREAS, the TDU Program Participants have agreed that the ERCOT Total Contribution will be allocated among the TDU Program Participants in proportion to the number of residential customers reported to the PUC for each TDU Program Participant as of December 31, 2019, as set forth on Schedule I attached hereto;

WHEREAS, the parties hereto have agreed to enter into this Agreement to set forth the terms upon which ERCOT shall loan the initial contribution to the TDU Borrower and upon which the TDU Borrower shall repay said contribution, as more particularly set forth herein; and

NOW, THEREFORE, in consideration of the premises and further valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

“Agreement” has the meaning set forth in the introductory paragraph hereof.

“Business Day” means any day that is not a Saturday, a Sunday, or a day on which commercial banks in the State of Texas are authorized or required by Law to remain closed.

“Default” means any condition or event that, with the giving of notice or lapse of time (or any combination of the foregoing), would become an Event of Default.

“dollars” or “\$” refers to lawful money of the United States of America.

“Effective Date” means the Business Day on which all of the conditions set forth in Section 4.1 shall have been satisfied or waived, which date is the date of this Agreement.

“Event of Default” has the meaning assigned to such term in Article VI.

“GAAP” means generally accepted accounting principles in the United States, as in effect from time to time.

“Governmental Approval” means (a) any authorization, consent, approval, license, waiver, ruling, permit, tariff, rate, certification, exemption, filing, variance, claim, order, judgment, decree, sanction or publication of, by or with; (b) any notice to; (c) any declaration of or with; or (d) any registration by or with, or any other action by or on behalf of, in each case, any Governmental Authority.

“Governmental Authority” means the government of any nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Insolvency Event” means (a) the filing by the TDU Borrower or any subsidiary thereof of any case or proceeding under any chapter of Title 11 of the United States Code, whether voluntary or involuntary; (b) any assignment for the benefit of creditors under any applicable Law in any jurisdiction, whether voluntary or involuntary, by the TDU Borrower or any subsidiary thereof; (c) the TDU Borrower’s liquidation of more than 20% of total assets without prior written consent of ERCOT; (d) the voluntary or involuntary appointment of a receiver, custodian or trustee as to any assets of the TDU Borrower or any subsidiary thereof; or (e) the admission in writing by the TDU Borrower of its inability to pay its debts as they become due.

“Law” means all laws, statutes, treaties, ordinances, codes, acts, rules, regulations, Governmental Approvals and orders of all Governmental Authorities, whether now or hereafter in effect.

“Lender” has the meaning set forth in the introductory paragraph hereof.

“Loan” has the meaning set forth in Section 2.1 hereof.

“Loan Documents” means, collectively, this Agreement and any other agreements and documents executed and delivered in connection herewith or therewith, as such agreements, documents or instruments may be amended, modified or supplemented from time to time.

“Material Adverse Effect” means any material adverse effect on the ability of the TDU Borrower to perform its obligations under the Loan Documents to which it is a party.

“Maturity Date” means (a) September 26, 2020, which is the date on which the COVID-19 Electricity Relief Program ends as set forth in the Order, unless the end date of the COVID-19 Electricity Relief Program is extended by the PUC, in which case the Maturity Date will be such later date, or (b) any later date for repayment of the Loan as set forth in an order of the PUC; provided, however, that in no event shall the Maturity Date be later than 364 days from the date hereof.

“Obligations” means, collectively, all principal of the Loan, and all related fees, costs, indemnities and other obligations, liabilities and indebtedness, whether due by acceleration or otherwise, of the TDU Borrower to the Lender, whether now existing or hereafter incurred, arising under the Loan Documents, whether direct or indirect, absolute or contingent, including interest accruing at any post-default rate and interest accruing after the commencement of any case, proceeding or other action relating to bankruptcy, insolvency, reorganization or similar proceeding of the TDU Borrower, whether or not a claim for post-petition interest is allowed in any such proceeding.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“TDU Borrower” has the meaning set forth in the introductory paragraph hereof.

“Transactions” means the execution, delivery and performance by the TDU Borrower of the Loan Documents, the borrowing of the Loan and the use of the proceeds thereof.

1.2 Terms Generally. The definitions of terms herein apply equally to the singular and plural forms of the terms defined. The words “include”, “includes” and “including” are deemed to be followed by the phrase “without limitation”. Unless the context requires otherwise: (a) any definition of or reference to any order, agreement, instrument or other document herein refers to such order, agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein); (b) any reference herein to any Person includes such Person’s successors and assigns; (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, refer to this Agreement in its entirety and not to any particular provision hereof; (d) all references herein to Articles, Sections and Exhibits refer to Articles and Sections of, and Exhibits to, this Agreement; and (e) the words “asset” and “property” have the same meaning and effect and refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

ARTICLE II **THE LOAN**

2.1 Loan. Subject to the terms and conditions set forth herein and the requirements of the COVID-19 Electricity Relief Program, the Lender shall make a loan to the TDU Borrower on the Effective Date in a single advance in the principal amount of TWO MILLION FORTY-FOUR THOUSAND SEVEN HUNDRED NINETY-ONE AND 15/100 DOLLARS (\$2,044,791.15) (the "Loan"). The Loan is not revolving in nature; amounts repaid or prepaid may not be reborrowed.

2.2 Funding of the Loan. The principal amount of the Loan shall be disbursed by the Lender on the Effective Date (or such other Business Day as agreed to in writing by the TDU Borrower and the Lender) by wire transfer of immediately available funds by 3:00 p.m., Austin, Texas time, to an account specified in writing by the TDU Borrower.

2.3 Repayment of the Loan.

(a) The TDU Borrower hereby unconditionally promises to pay the Lender the then unpaid principal amount of the Loan on the Maturity Date.

(b) The TDU Borrower from time to time and on any Business Day may make optional prepayments of all or any part of the principal amount of the Loan.

2.4 Interest. The principal amount of the Loan shall not bear interest, except to the extent provided in Section 2.5.

2.5 Default Interest. In the event that the TDU Borrower shall fail to pay the unpaid principal amount of the Loan on the Maturity Date, the unpaid principal amount of the Loan shall accrue interest at the rate of 2% per annum beginning the first day after the Maturity Date until all such outstanding principal is paid, which accrued interest shall be paid at the time the outstanding principal is paid.

2.6 Evidence of Indebtedness. The Lender shall maintain in accordance with its usual practice an account evidencing the indebtedness of the TDU Borrower to the Lender resulting from the Loan. The entries made in the account maintained by the Lender shall be conclusive absent manifest error of the amount of the Loan and any payments thereon. Any failure to so record or error in doing so shall not, however, limit or otherwise affect the obligation of the TDU Borrower to repay the Loan in accordance with the terms of this Agreement.

ARTICLE III **REPRESENTATIONS AND WARRANTIES**

The TDU Borrower represents and warrants to and for the benefit of the Lender on the Effective Date as follows:

3.1 Organization, Powers, Etc. The TDU Borrower (a) is a limited liability company duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization; and (b) has full limited liability company power and authority to execute, deliver and perform its obligations under this Agreement and the other Loan Documents.

3.2 Governmental Consent or Approval. The execution, delivery and performance by the TDU Borrower of this Agreement and the other Loan Documents, and the validity and enforceability against the TDU Borrower of this Agreement and the other Loan Documents, to the extent not already obtained, do not and will not require registration with, or the consent or approval of, or any other action by, any Governmental Authority applicable to it or its property.

3.3 Authorization, Absence of Conflicts, Etc. The execution, delivery and performance by the TDU Borrower of this Agreement and the other Loan Documents (a) have been duly authorized by the TDU Borrower; (b) do not and will not violate any material provision of law (federal or state), or any material order, rule or regulation of any court or other Governmental Authority to which the TDU Borrower is subject; and (c) do not and will not violate or constitute a default under its certificate of formation or organization or its limited liability company agreement or any material agreement or instrument to which the TDU Borrower is a party or by which the TDU Borrower or any of its assets is bound, other than in the case of clauses (b) and (c), any such conflict, violation, breach, or default that would not reasonably be expected to have a Material Adverse Effect.

3.4 No Defaults. No Default or Event of Default has occurred and is continuing under this Agreement or any other Loan Document.

3.5 Information Provided by the TDU Borrower. The representations and statements made by the TDU Borrower contained herein or in any other Loan Document were, when issued and taken as a whole, correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not materially misleading.

3.6 No Insolvency Event. As of the Effective Date, the TDU Borrower is not the subject of an Insolvency Event.

3.7 Allocations of ERCOT Total Contribution. The information set forth on Schedule I attached hereto is true and correct in all material respects and the allocations thereon represent the agreement among the TDU Program Participants with respect to the ERCOT Total Contribution.

ARTICLE IV **CONDITIONS**

4.1 Effective Date. The obligation of the Lender to close this Agreement and make the Loan is subject to satisfaction of the following conditions:

(a) The Lender (or its counsel) shall have received from the TDU Borrower either: (i) a counterpart of this Agreement signed on behalf of the TDU Borrower; or (ii) written evidence satisfactory to the Lender (which may include telecopy or electronic transmission of a signed signature page of this Agreement) that the TDU Borrower has signed a counterpart of this Agreement.

(b) The representations and warranties of the TDU Borrower set forth in this Agreement shall be true and correct in all material respects on and as of the date hereof except to

the extent any such representation or warranty is stated to relate to an earlier date in which case such representation and warranty will be true and correct in all material respects on and as of such earlier date.

(c) At the time of and immediately after giving effect to the Loan, no Default or Event of Default shall have occurred and be continuing.

(d) The TDU Borrower shall have filed the Rider and provided the Lender with a copy thereof and a copy of the PUC's notice of approval thereof.

ARTICLE V **COVENANTS**

Until the date on which the Loan has been repaid in full, the TDU Borrower covenants and agrees with and for the benefit of the Lender as follows:

5.1 Books and Records. The TDU Borrower shall keep proper books of record and account in which full, true and correct entries in all material respects will be made reflecting all financial transactions of the TDU Borrower to the extent required by GAAP.

5.2 Existence; Conduct of Business. The TDU Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business except where the failure to do so in each case would not reasonably be expected to have a Material Adverse Effect.

5.3 Payment and Performance of Obligations. The TDU Borrower shall pay and perform its obligations before the same shall become delinquent or in default that, if not paid or performed, would reasonably be expected to result in a Material Adverse Effect or an Insolvency Event, except where: (a) (i) the validity or amount thereof is being contested in good faith by appropriate proceedings and (ii) the TDU Borrower has set aside on its books appropriate reserves with respect thereto in accordance with GAAP; or (b) the failure to pay or perform pending such contest would not reasonably be expected to result in a Material Adverse Effect or an Insolvency Event.

5.4 Insurance. The TDU Borrower shall maintain, with insurance companies that the TDU Borrower believes are financially sound and responsible at the time the relevant coverage is placed or renewed (or to the extent that the TDU Borrower deems it prudent to do so, through its own program of self-insurance), insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses of comparable size and financial strength and with comparable risks operating in the same or similar locations.

5.5 Compliance with Laws. The TDU Borrower shall comply with all laws, rules, regulations and orders, including the requirements of the COVID-19 Electricity Relief Program, of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

5.6 Use of Proceeds. The TDU Borrower shall use the proceeds of the Loan solely as authorized by the COVID-19 Electricity Relief Program, including for the reimbursement of retail electric providers and the TDU Borrower pursuant thereto, the reimbursement of the third-party administrator pursuant thereto, and repayment of the Loan. The TDU Borrower shall recognize on its books, in a separate general ledger account, a liability to ERCOT for the Loan. The TDU Borrower shall also book a regulatory liability for all Rider collections which shall be used for the reimbursement of retail electric providers and the TDU Borrower pursuant to the COVID-19 Electricity Relief Program, the reimbursement of the third-party administrator pursuant thereto, and repayment of the Loan.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

6.1 Events of Default. The occurrence of any one of the following shall be an event of default under this Agreement (each, an “Event of Default”):

(a) the TDU Borrower shall fail to pay any principal of the Loan when and as the same shall become due and payable;

(b) any representation or warranty made or deemed made by the TDU Borrower in any Loan Document, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document, shall prove to have been incorrect in any material respect when made or deemed made;

(c) the TDU Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Loan Document, and, in each case, such failure shall continue unremedied for a period of ten (10) days after the date on which the Lender gives the TDU Borrower written notice of such failure; or

(d) the occurrence or existence of any Insolvency Event with respect to the TDU Borrower.

6.2 Remedies. Upon the occurrence and at any time thereafter during the continuance of any Event of Default, the Lender, by notice to the TDU Borrower, may declare the Loan then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter, at the request of the Lender, and provided an Event of Default then exists, be declared to be due and payable), and thereupon the principal of the Loan so declared to be due and payable, together with all fees and other obligations of the TDU Borrower accrued hereunder, will become due and payable immediately, without presentment, demand, protest or other notice of any kind (other than as set forth herein), all of which are hereby waived by the TDU Borrower; provided, however, that in case of any event with respect to the TDU Borrower described in Section 6.1(d), the principal of the Loan then outstanding, together with all fees and other obligations of the TDU Borrower accrued hereunder, will automatically become due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration, or other notice of any kind, all of which are hereby waived by the TDU Borrower.

ARTICLE VII MISCELLANEOUS

7.1 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein must be in writing and must be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or email, as follows:

(i) if to the TDU Borrower, to it at AEP Texas Inc., 1 Riverside Plaza, Columbus, Ohio 43215, Attention: Treasurer; Fax No.: 614-716-1630; Email Address: jsloat@aep.com), with a copy to the General Counsel (fax: (614) 716-3440; telephone: (614) 716-3300) and to Corporatefinance@aep.com);

(ii) if to the Lender, to it at ERCOT, 7620 Metro Center Drive, Austin, Texas 78744, Attention: Chad V. Seely; Fax No.: (512) 225-7079 ; Email Address: Chad.Seely@ercot.com.

Unless the Lender otherwise prescribes, notices and other communications sent to an email address will be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement); provided, however, that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication will be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(b) Any party hereto may change its address, facsimile number or email address for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement will be deemed to have been given on the date of receipt.

7.2 Waivers; Amendments.

(a) No failure or delay by the Lender in exercising any right or power hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender hereunder are cumulative and are not exclusive of any rights or remedies that it would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the TDU Borrower therefrom will in any event be effective unless the same is permitted by Section 7.2(b), and then such waiver or consent will be effective only in the specific instance and for the purpose for which given.

(b) This Agreement or any provision hereof may not be waived, amended or modified, and no consent to any departure by the TDU Borrower from any provision hereof or thereof, except pursuant to an agreement or agreements in writing entered into by the TDU Borrower and the Lender.

7.3 Attorneys' Fees. The Lender shall be entitled to recover from the TDU Borrower its reasonable and documented out-of-pocket attorneys' fees, expert fees, and costs incurred by the Lender upon the occurrence of an Event of Default or in the event Lender must protect, defend, or enforce its rights against the TDU Borrower in any action or proceeding arising out of or relating to this Agreement.

7.4 Successors and Assigns. The provisions of this Agreement are binding upon and will inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby. The TDU Borrower shall not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender (and any attempted assignment or transfer by the TDU Borrower without such consent will be null and void). The Lender shall not assign or otherwise transfer its rights or obligations hereunder without the prior written consent of the TDU Borrower (and any attempted assignment or transfer by the Lender without such consent will be null and void). Nothing in this Agreement, expressed or implied, will be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

7.5 Counterparts; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which will constitute an original, but all of which when taken together will constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by electronic communication will be effective as delivery of a manually executed counterpart of this Agreement.

7.6 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction will not invalidate such provision in any other jurisdiction.

7.7 Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement is governed by and will be construed and enforced in accordance with the Laws of the State of Texas without regard to the choice of law principles thereof.

(b) Each of the parties hereto hereby irrevocably and unconditionally submits to the exclusive jurisdiction of the PUC in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined by the PUC. Each of the parties hereto agrees that a final judgment in any such action or proceeding will be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this

Agreement before the PUC. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding before the PUC.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for Notices in Section 7.1; provided, however, that service of process may not be made by e-mail. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

7.8 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

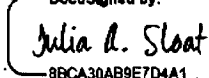
7.9 Headings. Article and Section headings used herein are for convenience of reference only, are not part of this Agreement and will not affect the construction of, or be taken into consideration in interpreting, this Agreement.

7.10 Integration. This Agreement and the other Loan Documents (if any) constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

[SIGNATURES PAGES FOLLOW]

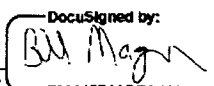

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.


AEP TEXAS INC.

By:  _____
Name: Julia A. Sloat
Title: Treasurer

Signature Page to Loan Agreement

**ELECTRIC RELIABILITY COUNCIL OF
TEXAS, INC.**

By:  _____
Name: Bill  F22845E6ADEC416
Title: President and Chief Executive Officer
April 14, 2020 | 11:47 AM PDT

Approved as to form (ERCOT Legal) 

Signature Page to Loan Agreement

SCHEDULE I**Allocation of ERCOT Total Contribution
among TDU Program Participants**

<u>TDU Program Participant</u>	<u>Residential Customers as of December 31, 2019</u>	<u>Percentage of All Residential Customers</u>	<u>Allocation of ERCOT Total Contribution</u>
Oncor Electric Delivery Company LLC	3,129,177	48.39%	\$7,258,360.60
CenterPoint Energy Houston Electric, LLC	2,243,188	34.69%	\$5,203,242.70
AEP Texas Inc.	881,537	13.63%	\$2,044,791.15
Texas-New Mexico Power Company	212,800	3.29%	\$493,605.55
TOTAL	6,466,702	100.00%	\$15,000,000.00

Schedule I to Loan Agreement

Project No. 50664

Issues Related to the State of Disaster for Coronavirus Disease 2019

Attachment 2

LOAN AGREEMENT

Dated as of April 13, 2020

between

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC,
as the TDU Borrower,

and

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.,
as the Lender

LOAN AGREEMENT

dated as of April 13, 2020

between

**CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC,
as the TDU Borrower,**

and

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.,
as the Lender**

LOAN AGREEMENT

THIS LOAN AGREEMENT (as amended, supplemented, restated or otherwise modified from time to time, this “Agreement”) effective as of April 13, 2020, is made and entered into between **CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC** (the “TDU Borrower”) and **ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.** (“ERCOT” or the “Lender”).

RECITALS

WHEREAS, on March 13, 2020, in response to the growing threat of the coronavirus disease (“COVID-19”), Governor Greg Abbott issued a Declaration of State of Disaster (the “Declaration”) for all counties in the State of Texas (the “State”);

WHEREAS, in connection with the Declaration, on March 26, 2020, the Public Utility Commission of Texas (the “PUC”) issued that certain Order Related to COVID-19 Electricity Relief Program in Project No. 50664, *Issues Related to the State of Disaster for Coronavirus Disease 2019* (the “Order”), pursuant to which the PUC authorized a customer assistance program for eligible residential customers of retail electric service in areas of the State open to customer choice (the “COVID-19 Electricity Relief Program”);

WHEREAS, the Order requires the TDU Borrower to file within ten days of the date of the Order a tariff rider to implement the terms of the COVID-19 Electricity Relief Program (the “Rider”) and to comply with all other applicable provisions thereof;

WHEREAS, the Order further requires ERCOT to provide an initial contribution in the form of a loan to the TDU Borrower, and each other transmission and distribution utility in the ERCOT region (collectively with the TDU Borrower, the “TDU Program Participants”), for the COVID-19 Electricity Relief Program, such aggregate initial contribution to be up to a total of \$15,000,000 (the “ERCOT Contribution”) for the TDU Program Participants;

WHEREAS, the parties hereto have agreed to enter into this Agreement to set forth the terms upon which ERCOT shall loan the initial contribution to the TDU Borrower and upon which the TDU Borrower shall repay said contribution, as more particularly set forth herein; and

WHEREAS, Section 2.1 hereof reflects the TDU Borrower’s calculation of its share of the ERCOT Contribution based on TDU Borrower’s proportionate share of the total number of residential customers as of December 31, 2019 in areas of the State open to customer choice as shown on Schedule A attached hereto.

NOW, THEREFORE, in consideration of the premises and further valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I **DEFINITIONS**

1.1 Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

“Agreement” has the meaning set forth in the introductory paragraph hereof.

“Business Day” means any day that is not a Saturday, a Sunday, or a day on which commercial banks in the State are authorized or required by Law to remain closed.

“Default” means any condition or event that, with the giving of notice or lapse of time (or any combination of the foregoing), would become an Event of Default.

“dollars” or “\$” refers to lawful money of the United States of America.

“Effective Date” means the Business Day on which all of the conditions set forth in Section 4.1 shall have been satisfied or waived, which date is the date of this Agreement.

“Event of Default” has the meaning assigned to such term in Article VI.

“GAAP” means generally accepted accounting principles in the United States, as in effect from time to time.

“Governmental Approval” means (a) any authorization, consent, approval, license, waiver, ruling, permit, tariff, rate, certification, exemption, filing, variance, claim, order, judgment, decree, sanction or publication of, by or with; (b) any notice to; (c) any declaration of or with; or (d) any registration by or with, or any other action by or on behalf of, in each case, any Governmental Authority.

“Governmental Authority” means the government of any nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Insolvency Event” means (a) the filing by the TDU Borrower or any Significant Subsidiary thereof of any case or proceeding under any chapter of Title 11 of the United States Code, whether voluntary or involuntary; (b) any assignment for the benefit of creditors under any applicable Law in any jurisdiction, whether voluntary or involuntary, by the TDU Borrower or any Significant Subsidiary thereof; (c) the voluntary or involuntary appointment of a receiver, custodian or trustee as to any substantial part of the assets of the TDU Borrower or any Significant Subsidiary thereof; or (d) the admission in writing by the TDU Borrower of its inability to pay its debts generally as they become due; provided, however, that (i) in the case of clause (a), such case or proceeding is not dismissed within 90 days and (ii) in the case of clauses (b) and (c), any order for any such assignment or appointment shall not have been vacated, discharged or stayed or bonded pending appeal within 90 days from the entry thereof.

“Law” means all laws, statutes, treaties, ordinances, codes, acts, rules, regulations, Governmental Approvals and orders of all Governmental Authorities, whether now or hereafter in effect.

“Lender” has the meaning set forth in the introductory paragraph hereof.

“Loan” has the meaning set forth in Section 2.1 hereof.

“Loan Documents” means, collectively, this Agreement and any other agreements and documents executed and delivered in connection herewith or therewith, as such agreements, documents or instruments may be amended, modified or supplemented from time to time.

“Material Adverse Effect” means any material adverse effect on the ability of the TDU Borrower to perform its obligations under the Loan Documents to which it is a party (it being understood that Material Adverse Effect shall not include the effect of any litigation or other proceeding in connection with the determination by PUC of the recovery by CenterPoint Energy, Inc., a Texas corporation and utility holding company and indirect parent of the TDU Borrower, and its Subsidiaries of stranded costs and other amounts to be recovered in the true-up process).

“Maturity Date” means September 26, 2020, which is the date on which the COVID-19 Electricity Relief Program ends as set forth in the Order, unless extended by any action of the PUC.

“Obligations” means, collectively, all principal of the Loan, and all related fees, costs, indemnities and other obligations, liabilities and indebtedness, whether due by acceleration or otherwise, of the TDU Borrower to the Lender, whether now existing or hereafter incurred, arising under the Loan Documents, whether direct or indirect, absolute or contingent, including interest accruing at any post-default rate and interest accruing after the commencement of any case, proceeding or other action relating to bankruptcy, insolvency, reorganization or similar proceeding of the TDU Borrower, whether or not a claim for post-petition interest is allowed in any such proceeding.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Significant Subsidiary” means a Subsidiary of the TDU Borrower whose total assets represent at least 10% of the total assets of the TDU Borrower, on a consolidated basis, as determined in accordance with GAAP for the TDU Borrower’s most recently completed fiscal year; provided that in no event shall any Project Financing Subsidiary, Securitization Subsidiary or Unrestricted Subsidiary (as such terms are defined in that certain Credit Agreement, dated as of March 3, 2016 (as amended, supplemented or otherwise modified from time to time), among the TDU Borrower, the banks and other financial institutions parties thereto and Mizuho Bank, Ltd., as administrative agent), or any of their respective Subsidiaries be deemed to be a Significant Subsidiary.

“Subsidiary” means, as to any Person, a corporation, partnership, limited liability company or other entity of which more than 50% of the outstanding shares of capital stock or other ownership interests having ordinary voting power (other than capital stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect directors or other managers of such corporation, partnership or other entity are at the time owned, directly or indirectly, through one or more Subsidiaries of such Person, by such Person.

“TDU Borrower” has the meaning set forth in the introductory paragraph hereof.

“Transactions” means the execution, delivery and performance by the TDU Borrower of the Loan Documents, the borrowing of the Loan and the use of the proceeds thereof.

1.2 Terms Generally. The definitions of terms herein apply equally to the singular and plural forms of the terms defined. The words “include”, “includes” and “including” are deemed to be followed by the phrase “without limitation”. Unless the context requires otherwise: (a) any definition of or reference to any order, agreement, instrument or other document herein refers to such order, agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein); (b) any reference herein to any Person includes such Person’s successors and assigns; (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, refer to this Agreement in its entirety and not to any particular provision hereof; (d) all references herein to Articles, Sections and Exhibits refer to Articles and Sections of, and Exhibits to, this Agreement; and (e) the words “asset” and “property” have the same meaning and effect and refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

ARTICLE II **THE LOAN**

2.1 Loan. Subject to the terms and conditions set forth herein and the requirements of the COVID-19 Electricity Relief Program, the Lender shall make a loan to the TDU Borrower on the Effective Date in a single advance in the principal amount of FIVE MILLION TWO HUNDRED THREE THOUSAND TWO HUNDRED FORTY-TWO DOLLARS AND SEVENTY CENTS (\$5,203,242.70) (the “Loan”). The Loan is not revolving in nature; amounts repaid or prepaid may not be reborrowed.

2.2 Funding of the Loan. The principal amount of the Loan shall be disbursed by the Lender on the Effective Date (or such other Business Day as agreed to in writing by the TDU Borrower and the Lender) by wire transfer of immediately available funds by 3:00 p.m., Austin, Texas time, to an account specified in writing by the TDU Borrower.

2.3 Repayment of the Loan.

(a) The TDU Borrower hereby unconditionally promises to pay the Lender the then unpaid principal amount of the Loan on the Maturity Date.

(b) The TDU Borrower from time to time and on any Business Day may make optional prepayments of all or any part of the principal amount of the Loan.

2.4 Interest. The principal amount of the Loan shall not bear interest, except to the extent provided in Section 2.5.

2.5 Default Interest. In the event that the TDU Borrower shall fail to pay the unpaid principal amount of the Loan on the Maturity Date, the unpaid principal amount of the Loan shall accrue interest at the rate of 2% per annum beginning the first day after the Maturity Date until all such outstanding principal is paid, which accrued interest shall be paid at the time the outstanding principal is paid.

2.6 Evidence of Indebtedness. The Lender shall maintain in accordance with its usual practice an account evidencing the indebtedness of the TDU Borrower to the Lender resulting from

the Loan. The entries made in the account maintained by the Lender shall be conclusive absent manifest error of the amount of the Loan and any payments thereon. Any failure to so record or error in doing so shall not, however, limit or otherwise affect the obligation of the TDU Borrower to repay the Loan in accordance with the terms of this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The TDU Borrower represents and warrants to and for the benefit of the Lender on the Effective Date as follows:

3.1 Organization, Powers, Etc. The TDU Borrower (a) is a limited liability company validly existing and in good standing under the Laws of the jurisdiction of its organization; and (b) has full limited liability company power and authority to execute, deliver and perform its obligations under this Agreement and the other Loan Documents.

3.2 Governmental Consent or Approval. The execution, delivery and performance by the TDU Borrower of this Agreement and the other Loan Documents, and the validity and enforceability against the TDU Borrower of this Agreement and the other Loan Documents, to the extent not already obtained, do not and will not require registration with, or the consent or approval of, or any other action by, any Governmental Authority applicable to it or its property.

3.3 Authorization, Absence of Conflicts, Etc. The execution, delivery and performance by the TDU Borrower of this Agreement and the other Loan Documents (a) have been duly authorized by the TDU Borrower; (b) do not and will not violate any material provision of law (federal or state), or any material order, rule or regulation of any court or other Governmental Authority to which the TDU Borrower is subject; and (c) do not and will not violate or constitute a default under its certificate of formation or its limited liability company agreement or any material agreement or instrument to which the TDU Borrower is a party or by which the TDU Borrower or any of its assets is bound, other than in the case of clauses (b) and (c), any such conflict, violation, breach, or default that would not reasonably be expected to have a Material Adverse Effect.

3.4 No Defaults. No Default or Event of Default has occurred and is continuing under this Agreement or any other Loan Document.

3.5 Information Provided by the TDU Borrower. The representations and statements made by the TDU Borrower contained herein or in any other Loan Document were, when issued and taken as a whole, correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact (other than industry-wide risks normally associated with the types of business conducted by the TDU Borrower and its Subsidiaries) necessary to make the statements made therein, in light of the circumstances under which they were made, not materially misleading.

3.6 No Insolvency Event. As of the Effective Date, the TDU Borrower is not the subject of an Insolvency Event.

3.7 Allocation of ERCOT Contribution. The TDU Borrower confirms its agreement with the allocation of the ERCOT Contribution as shown on Schedule A attached hereto, and agrees that the amount allocated to the TDU Borrower is based on its reasonable estimate of its residential customers as of December 31, 2019.

ARTICLE IV **CONDITIONS**

4.1 Effective Date. The obligation of the Lender to close this Agreement and make the Loan is subject to satisfaction of the following conditions:

(a) The Lender (or its counsel) shall have received from the TDU Borrower either: (i) a counterpart of this Agreement signed on behalf of the TDU Borrower; or (ii) written evidence satisfactory to the Lender (which may include telecopy or electronic transmission of a signed signature page of this Agreement) that the TDU Borrower has signed a counterpart of this Agreement.

(b) The representations and warranties of the TDU Borrower set forth in this Agreement shall be true and correct in all material respects on and as of the date hereof except to the extent any such representation or warranty is stated to relate to an earlier date in which case such representation and warranty will be true and correct in all material respects on and as of such earlier date.

(c) At the time of and immediately after giving effect to the Loan, no Default or Event of Default shall have occurred and be continuing.

(d) The TDU Borrower shall have filed the Rider and provided the Lender with an executed copy thereof.

ARTICLE V **COVENANTS**

Until the date on which the Loan has been repaid in full, the TDU Borrower covenants and agrees with and for the benefit of the Lender as follows:

5.1 Books and Records. The TDU Borrower shall keep proper books of record and account in which full, true and correct entries in all material respects will be made reflecting all financial transactions of the TDU Borrower to the extent required by GAAP.

5.2 Existence; Conduct of Business. The TDU Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business except where the failure to do so in each case would not reasonably be expected to have a Material Adverse Effect.

5.3 Payment and Performance of Obligations. The TDU Borrower shall pay and perform its obligations before the same shall become delinquent or in default except where: (a) (i) the validity or amount thereof is being contested in good faith by appropriate proceedings and (ii)

the TDU Borrower has set aside on its books appropriate reserves with respect thereto in accordance with GAAP; or (b) the failure to pay or perform would not reasonably be expected to result in a Material Adverse Effect or an Insolvency Event.

5.4 Insurance. The TDU Borrower shall maintain, with insurance companies that the TDU Borrower believes are financially sound and responsible at the time the relevant coverage is placed or renewed (or to the extent that the TDU Borrower deems it prudent to do so, through its own program of self-insurance), insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses of comparable size and financial strength and with comparable risks operating in the same or similar locations.

5.5 Compliance with Laws. The TDU Borrower shall comply with all laws, rules, regulations and orders, including the requirements of the COVID-19 Electricity Relief Program, of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

5.6 Use of Proceeds. The TDU Borrower shall use the proceeds of the Loan solely as authorized by the COVID-19 Electricity Relief Program, set out in the Order as follows: the reimbursement of retail electric providers with customers in the TDU Borrower's service territory with energy charges related to eligible residential customers with an unpaid, past due electric bill subject to a disconnection for non-payment notice; the TDU Borrower's delivery charges related to eligible residential customers with an unpaid, past due electric bill subject to a disconnection for non-payment notice; the third-party administrator of the COVID-19 Electricity Relief Program to cover its reasonable administration costs associated with the eligibility process; and repayment of the Loan. The TDU Borrower will recognize the funds from the Loan in a separate general ledger account in accordance with GAAP, and will recognize a liability for the amounts owed to ERCOT under the Loan.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

6.1 Events of Default. The occurrence of any one of the following shall be an event of default under this Agreement (each, an "Event of Default"):

(a) the TDU Borrower shall fail to pay any principal of the Loan when and as the same shall become due and payable;

(b) any representation or warranty made or deemed made by the TDU Borrower in any Loan Document, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document, shall prove to have been incorrect in any material respect when made or deemed made;

(c) the TDU Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Loan Document, and, in each case, such failure shall continue unremedied for a period of thirty (30) days after the date on which the Lender gives the TDU Borrower written notice of such failure;

(d) use of the Loan proceeds by the TDU Borrower in a manner not authorized by the COVID-19 Electricity Relief Program; or

(e) the occurrence or existence of any Insolvency Event with respect to the TDU Borrower.

6.2 Remedies. Upon the occurrence and at any time thereafter during the continuance of any Event of Default, the Lender, by notice to the TDU Borrower, may declare the Loan then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter, at the request of the Lender, and provided an Event of Default then exists, be declared to be due and payable), and thereupon the principal of the Loan so declared to be due and payable, together with all fees and other obligations of the TDU Borrower accrued hereunder, will become due and payable immediately, without presentment, demand, protest or other notice of any kind (other than as set forth herein), all of which are hereby waived by the TDU Borrower; provided, however, that in case of any event with respect to the TDU Borrower described in Section 6.1(e), the principal of the Loan then outstanding, together with all fees and other obligations of the TDU Borrower accrued hereunder, will automatically become due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration, or other notice of any kind, all of which are hereby waived by the TDU Borrower.

ARTICLE VII

MISCELLANEOUS

7.1 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein must be in writing and must be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or email, as follows:

(i) if to the TDU Borrower, to it at 1111 Louisiana, Houston, Texas 77002, Attention: Carla Kneipp; Fax No.: (713) 207-9550; Email Address: carla.kneipp@centerpointenergy.com;

(ii) if to the Lender, to it at ERCOT, 7620 Metro Center Drive, Austin, Texas 78744, Attention: Chad V. Seely; Fax No.: (512) 225-7079; Email Address: Chad.Seely@ercot.com.

Unless the Lender otherwise prescribes, notices and other communications sent to an email address will be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement); provided, however, that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication will be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(b) Any party hereto may change its address, facsimile number or email address for notices and other communications hereunder by notice to the other parties hereto. All notices

and other communications given to any party hereto in accordance with the provisions of this Agreement will be deemed to have been given on the date of receipt.

7.2 Waivers; Amendments.

(a) No failure or delay by the Lender in exercising any right or power hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender hereunder are cumulative and are not exclusive of any rights or remedies that it would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the TDU Borrower therefrom will in any event be effective unless the same is permitted by Section 7.2(b), and then such waiver or consent will be effective only in the specific instance and for the purpose for which given.

(b) This Agreement or any provision hereof may not be waived, amended or modified, and no consent to any departure by the TDU Borrower from any provision hereof or thereof, except pursuant to an agreement or agreements in writing entered into by the TDU Borrower and the Lender.

7.3 Attorneys' Fees. The Lender shall be entitled to recover from TDU Borrower its reasonable and documented attorneys' fees, expert fees, and costs upon the occurrence and during the continuance of an Event of Default or in the event Lender must protect, defend, or enforce its rights against TDU Borrower in any action or proceeding arising out of or relating to this Agreement.

7.4 Successors and Assigns. The provisions of this Agreement are binding upon and will inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby. The TDU Borrower shall not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender (and any attempted assignment or transfer by the TDU Borrower without such consent will be null and void). The Lender shall not assign or otherwise transfer its rights or obligations hereunder without the prior written consent of the TDU Borrower (and any attempted assignment or transfer by the Lender without such consent will be null and void). Nothing in this Agreement, expressed or implied, will be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

7.5 Counterparts; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which will constitute an original, but all of which when taken together will constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by electronic communication will be effective as delivery of a manually executed counterpart of this Agreement.

7.6 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability

of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction will not invalidate such provision in any other jurisdiction.

7.7 Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement is governed by and will be construed and enforced in accordance with the Laws of the State without regard to the choice of law principles thereof.

(b) Each of the parties hereto hereby irrevocably and unconditionally submits to the exclusive jurisdiction of the PUC in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined by the PUC. Each of the parties hereto agrees that a final judgment in any such action or proceeding will be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement before the PUC. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for Notices in Section 7.1; provided, however, that service of process may not be made by e-mail. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

7.8 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

7.9 Headings. Article and Section headings used herein are for convenience of reference only, are not part of this Agreement and will not affect the construction of, or be taken into consideration in interpreting, this Agreement.

7.10 INTEGRATION. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (IF ANY) CONSTITUTE THE ENTIRE CONTRACT AMONG THE PARTIES

RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDE ANY AND ALL PREVIOUS AGREEMENTS AND UNDERSTANDINGS, ORAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF.

[SIGNATURES PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**CENTERPOINT ENERGY HOUSTON
ELECTRIC, LLC,**

DocuSigned by:

By:

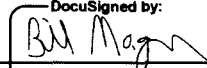
Carla Kneipp


Name:

Carla Kneipp

Title: Senior Vice President - Treasury,
Strategic Sourcing & Logistics
and Risk Management

**ELECTRIC RELIABILITY COUNCIL OF
TEXAS, INC.**

By: 
Name: **Bill Magness**
Title: **President and Chief Executive Officer**
April 9, 2020 | 2:24 PM PDT

Approved as to form (ERCOT Legal): 

SCHEDULE A

ALLOCATION OF ERCOT CONTRIBUTION

TDU	Residential Customers @ 12/31/19	% Residential Customers	Loan Amount
AEP Texas Inc.	881,537	13.63%	\$2,044,791.15
CenterPoint Energy Houston Electric, LLC	2,243,188	34.69%	\$5,203,242.70
Oncor Electric Delivery Company, LLC	3,129,177	48.39%	\$7,258,360.60
Texas-New Mexico Power Co.	212,800	3.29%	\$493,605.55
Total	6,466,702	100.00%	\$15,000,000.00

Project No. 50664

Issues Related to the State of Disaster for Coronavirus Disease 2019

Attachment 3

LOAN AGREEMENT

Dated as of April 9, 2020

between

**ONCOR ELECTRIC DELIVERY COMPANY LLC,
as the TDU Borrower,**

and

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.,
as the Lender**

LOAN AGREEMENT

dated as of April 9, 2020

between

**ONCOR ELECTRIC DELIVERY COMPANY LLC,
as the TDU Borrower,**

and

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.,
as the Lender**

LOAN AGREEMENT

THIS LOAN AGREEMENT (as amended, supplemented, restated or otherwise modified from time to time, this “Agreement”) effective as of April 9, 2020, is made and entered into between **ONCOR ELECTRIC DELIVERY COMPANY LLC** (the “TDU Borrower”) and **ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.** (“ERCOT” or the “Lender”).

RECITALS

WHEREAS, on March 13, 2020, in response to the growing threat of the coronavirus disease (“COVID-19”), Governor Greg Abbott issued a Declaration of State of Disaster (the “Declaration”) for all counties in the State of Texas;

WHEREAS, in connection with the Declaration, on March 26, 2020, the Public Utility Commission of Texas (the “PUC”) issued that certain Order Related to COVID-19 Electricity Relief Program in Project No. 50664, *Issues Related to the State of Disaster for Coronavirus Disease 2019* (the “Order”), pursuant to which the PUC authorized a customer assistance program for eligible residential customers of retail electric service in areas of the State of Texas open to customer choice (the “COVID-19 Electricity Relief Program”);

WHEREAS, the Order requires the TDU Borrower to (a) file within ten days of the date of the Order a tariff rider (the “Rider”) to implement the terms of the COVID-19 Electricity Relief Program and (b) comply with all other applicable provisions thereof;

WHEREAS, the Order further requires ERCOT to provide an initial contribution in the form of a loan to the TDU Borrower, and to each other transmission and distribution utility in the ERCOT region (collectively with the TDU Borrower, the “TDU Program Participants”), for the COVID-19 Electricity Relief Program, such aggregate initial contribution to be in an aggregate amount of \$15,000,000 (the “ERCOT Total Contribution”) for all of the TDU Program Participants;

WHEREAS, the TDU Program Participants have agreed that the ERCOT Total Contribution will be allocated among the TDU Program Participants in proportion to the number of residential customers reported to the PUC for each TDU Program Participant as of December 31, 2019, as set forth on Schedule I attached hereto;

WHEREAS, the parties hereto have agreed to enter into this Agreement to set forth the terms upon which ERCOT shall loan the initial contribution to the TDU Borrower and upon which the TDU Borrower shall repay said contribution, as more particularly set forth herein; and

NOW, THEREFORE, in consideration of the premises and further valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

“Agreement” has the meaning set forth in the introductory paragraph hereof.

“Business Day” means any day that is not a Saturday, a Sunday, or a day on which commercial banks in the State of Texas are authorized or required by Law to remain closed.

“Default” means any condition or event that, with the giving of notice or lapse of time (or any combination of the foregoing), would become an Event of Default.

“dollars” or “\$” refers to lawful money of the United States of America.

“Effective Date” means the Business Day on which all of the conditions set forth in Section 4.1 shall have been satisfied or waived, which date is the date of this Agreement.

“Event of Default” has the meaning assigned to such term in Article VI.

“GAAP” means generally accepted accounting principles in the United States, as in effect from time to time.

“Governmental Approval” means (a) any authorization, consent, approval, license, waiver, ruling, permit, tariff, rate, certification, exemption, filing, variance, claim, order, judgment, decree, sanction or publication of, by or with; (b) any notice to; (c) any declaration of or with; or (d) any registration by or with, or any other action by or on behalf of, in each case, any Governmental Authority.

“Governmental Authority” means the government of any nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Insolvency Event” means (a) the filing by the TDU Borrower or any subsidiary thereof of any case or proceeding under any chapter of Title 11 of the United States Code, whether voluntary or involuntary; (b) any assignment for the benefit of creditors under any applicable Law in any jurisdiction, whether voluntary or involuntary, by the TDU Borrower or any subsidiary thereof; (c) the TDU Borrower’s liquidation of more than 20% of total assets without prior written consent of ERCOT; (d) the voluntary or involuntary appointment of a receiver, custodian or trustee as to any assets of the TDU Borrower or any subsidiary thereof; or (e) the admission in writing by the TDU Borrower of its inability to pay its debts as they become due.

“Law” means all laws, statutes, treaties, ordinances, codes, acts, rules, regulations, Governmental Approvals and orders of all Governmental Authorities, whether now or hereafter in effect.

“Lender” has the meaning set forth in the introductory paragraph hereof.

“Loan” has the meaning set forth in Section 2.1 hereof.

“Loan Documents” means, collectively, this Agreement and any other agreements and documents executed and delivered in connection herewith or therewith, as such agreements, documents or instruments may be amended, modified or supplemented from time to time.

“Material Adverse Effect” means any material adverse effect on the ability of the TDU Borrower to perform its obligations under the Loan Documents to which it is a party.

“Maturity Date” means (a) September 26, 2020, which is the date on which the COVID-19 Electricity Relief Program ends as set forth in the Order, unless the end date of the COVID-19 Electricity Relief Program is extended by the PUC, in which case the Maturity Date will be such later date, or (b) any later date for repayment of the Loan as set forth in an order of the PUC.

“Obligations” means, collectively, all principal of the Loan, and all related fees, costs, indemnities and other obligations, liabilities and indebtedness, whether due by acceleration or otherwise, of the TDU Borrower to the Lender, whether now existing or hereafter incurred, arising under the Loan Documents, whether direct or indirect, absolute or contingent, including interest accruing at any post-default rate and interest accruing after the commencement of any case, proceeding or other action relating to bankruptcy, insolvency, reorganization or similar proceeding of the TDU Borrower, whether or not a claim for post-petition interest is allowed in any such proceeding.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“TDU Borrower” has the meaning set forth in the introductory paragraph hereof.

“Transactions” means the execution, delivery and performance by the TDU Borrower of the Loan Documents, the borrowing of the Loan and the use of the proceeds thereof.

1.2 Terms Generally. The definitions of terms herein apply equally to the singular and plural forms of the terms defined. The words “include”, “includes” and “including” are deemed to be followed by the phrase “without limitation”. Unless the context requires otherwise: (a) any definition of or reference to any order, agreement, instrument or other document herein refers to such order, agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein); (b) any reference herein to any Person includes such Person’s successors and assigns; (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, refer to this Agreement in its entirety and not to any particular provision hereof; (d) all references herein to Articles, Sections and Exhibits refer to Articles and Sections of, and Exhibits to, this Agreement; and (e) the words “asset” and “property” have the same meaning and effect and refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

ARTICLE II **THE LOAN**

2.1 Loan. Subject to the terms and conditions set forth herein and the requirements of the COVID-19 Electricity Relief Program, the Lender shall make a loan to the TDU Borrower on the Effective Date in a single advance in the principal amount of SEVEN MILLION TWO HUNDRED FIFTY-EIGHT THOUSAND THREE HUNDRED SIXTY AND 60/100 DOLLARS (\$7,258,360.60) (the "Loan"). The Loan is not revolving in nature; amounts repaid or prepaid may not be reborrowed.

2.2 Funding of the Loan. The principal amount of the Loan shall be disbursed by the Lender on the Effective Date (or such other Business Day as agreed to in writing by the TDU Borrower and the Lender) by wire transfer of immediately available funds by 3:00 p.m., Austin, Texas time, to an account specified in writing by the TDU Borrower.

2.3 Repayment of the Loan.

(a) The TDU Borrower hereby unconditionally promises to pay the Lender the then unpaid principal amount of the Loan on the Maturity Date.

(b) The TDU Borrower from time to time and on any Business Day may make optional prepayments of all or any part of the principal amount of the Loan.

2.4 Interest. The principal amount of the Loan shall not bear interest, except to the extent provided in Section 2.5.

2.5 Default Interest. In the event that the TDU Borrower shall fail to pay the unpaid principal amount of the Loan on the Maturity Date, the unpaid principal amount of the Loan shall accrue interest at the rate of 2% per annum beginning the first day after the Maturity Date until all such outstanding principal is paid, which accrued interest shall be paid at the time the outstanding principal is paid.

2.6 Evidence of Indebtedness. The Lender shall maintain in accordance with its usual practice an account evidencing the indebtedness of the TDU Borrower to the Lender resulting from the Loan. The entries made in the account maintained by the Lender shall be conclusive absent manifest error of the amount of the Loan and any payments thereon. Any failure to so record or error in doing so shall not, however, limit or otherwise affect the obligation of the TDU Borrower to repay the Loan in accordance with the terms of this Agreement.

ARTICLE III **REPRESENTATIONS AND WARRANTIES**

The TDU Borrower represents and warrants to and for the benefit of the Lender on the Effective Date as follows:

3.1 Organization, Powers, Etc. The TDU Borrower (a) is a limited liability company duly organized, validly existing and in good standing under the Laws of the jurisdiction of its

organization; and (b) has full limited liability company power and authority to execute, deliver and perform its obligations under this Agreement and the other Loan Documents.

3.2 Governmental Consent or Approval. The execution, delivery and performance by the TDU Borrower of this Agreement and the other Loan Documents, and the validity and enforceability against the TDU Borrower of this Agreement and the other Loan Documents, to the extent not already obtained, do not and will not require registration with, or the consent or approval of, or any other action by, any Governmental Authority applicable to it or its property.

3.3 Authorization, Absence of Conflicts, Etc. The execution, delivery and performance by the TDU Borrower of this Agreement and the other Loan Documents (a) have been duly authorized by the TDU Borrower; (b) do not and will not violate any material provision of law (federal or state), or any material order, rule or regulation of any court or other Governmental Authority to which the TDU Borrower is subject; and (c) do not and will not violate or constitute a default under its certificate of formation or organization or its limited liability company agreement or any material agreement or instrument to which the TDU Borrower is a party or by which the TDU Borrower or any of its assets is bound, other than in the case of clauses (b) and (c), any such conflict, violation, breach, or default that would not reasonably be expected to have a Material Adverse Effect.

3.4 No Defaults. No Default or Event of Default has occurred and is continuing under this Agreement or any other Loan Document.

3.5 Information Provided by the TDU Borrower. The representations and statements made by the TDU Borrower contained herein or in any other Loan Document were, when issued and taken as a whole, correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not materially misleading.

3.6 No Insolvency Event. As of the Effective Date, the TDU Borrower is not the subject of an Insolvency Event.

3.7 Allocations of ERCOT Total Contribution. The information set forth on Schedule I attached hereto is true and correct in all material respects and the allocations thereon represent the agreement among the TDU Program Participants with respect to the ERCOT Total Contribution.

ARTICLE IV **CONDITIONS**

4.1 Effective Date. The obligation of the Lender to close this Agreement and make the Loan is subject to satisfaction of the following conditions:

(a) The Lender (or its counsel) shall have received from the TDU Borrower either: (i) a counterpart of this Agreement signed on behalf of the TDU Borrower; or (ii) written evidence satisfactory to the Lender (which may include telecopy or electronic transmission of a signed signature page of this Agreement) that the TDU Borrower has signed a counterpart of this Agreement.

(b) The representations and warranties of the TDU Borrower set forth in this Agreement shall be true and correct in all material respects on and as of the date hereof except to the extent any such representation or warranty is stated to relate to an earlier date in which case such representation and warranty will be true and correct in all material respects on and as of such earlier date.

(c) At the time of and immediately after giving effect to the Loan, no Default or Event of Default shall have occurred and be continuing.

(d) The TDU Borrower shall have filed the Rider and provided the Lender with a copy thereof and a copy of the PUC's notice of approval thereof.

ARTICLE V **COVENANTS**

Until the date on which the Loan has been repaid in full, the TDU Borrower covenants and agrees with and for the benefit of the Lender as follows:

5.1 Books and Records. The TDU Borrower shall keep proper books of record and account in which full, true and correct entries in all material respects will be made reflecting all financial transactions of the TDU Borrower to the extent required by GAAP.

5.2 Existence; Conduct of Business. The TDU Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business except where the failure to do so in each case would not reasonably be expected to have a Material Adverse Effect.

5.3 Payment and Performance of Obligations. The TDU Borrower shall pay and perform its obligations before the same shall become delinquent or in default that, if not paid or performed, would reasonably be expected to result in a Material Adverse Effect or an Insolvency Event, except where: (a) (i) the validity or amount thereof is being contested in good faith by appropriate proceedings and (ii) the TDU Borrower has set aside on its books appropriate reserves with respect thereto in accordance with GAAP; or (b) the failure to pay or perform pending such contest would not reasonably be expected to result in a Material Adverse Effect or an Insolvency Event.

5.4 Insurance. The TDU Borrower shall maintain, with insurance companies that the TDU Borrower believes are financially sound and responsible at the time the relevant coverage is placed or renewed (or to the extent that the TDU Borrower deems it prudent to do so, through its own program of self-insurance), insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses of comparable size and financial strength and with comparable risks operating in the same or similar locations.

5.5 Compliance with Laws. The TDU Borrower shall comply with all laws, rules, regulations and orders, including the requirements of the COVID-19 Electricity Relief Program, of any Governmental Authority applicable to it or its property, except where the failure to do so,

individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

5.6 Use of Proceeds. The TDU Borrower shall use the proceeds of the Loan solely as authorized by the COVID-19 Electricity Relief Program, including for the reimbursement of retail electric providers and the TDU Borrower pursuant thereto, the reimbursement of the third-party administrator pursuant thereto, and repayment of the Loan. The TDU Borrower shall recognize on its books, in a separate general ledger account, a liability to ERCOT for the Loan. The TDU Borrower shall also book a regulatory liability for all Rider collections which shall be used for the reimbursement of retail electric providers and the TDU Borrower pursuant to the COVID-19 Electricity Relief Program, the reimbursement of the third-party administrator pursuant thereto, and repayment of the Loan.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

6.1 Events of Default. The occurrence of any one of the following shall be an event of default under this Agreement (each, an “Event of Default”):

(a) the TDU Borrower shall fail to pay any principal of the Loan when and as the same shall become due and payable;

(b) any representation or warranty made or deemed made by the TDU Borrower in any Loan Document, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document, shall prove to have been incorrect in any material respect when made or deemed made;

(c) the TDU Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Loan Document, and, in each case, such failure shall continue unremedied for a period of ten (10) days after the date on which the Lender gives the TDU Borrower written notice of such failure; or

(d) the occurrence or existence of any Insolvency Event with respect to the TDU Borrower.

6.2 Remedies. Upon the occurrence and at any time thereafter during the continuance of any Event of Default, the Lender, by notice to the TDU Borrower, may declare the Loan then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter, at the request of the Lender, and provided an Event of Default then exists, be declared to be due and payable), and thereupon the principal of the Loan so declared to be due and payable, together with all fees and other obligations of the TDU Borrower accrued hereunder, will become due and payable immediately, without presentment, demand, protest or other notice of any kind (other than as set forth herein), all of which are hereby waived by the TDU Borrower; provided, however, that in case of any event with respect to the TDU Borrower described in Section 6.1(d), the principal of the Loan then outstanding, together with all fees and other obligations of the TDU Borrower accrued hereunder, will automatically become due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration, or other notice of any kind, all of which are hereby waived by the TDU Borrower.

ARTICLE VII

MISCELLANEOUS

7.1 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein must be in writing and must be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or email, as follows:

(i) if to the TDU Borrower, to it at Oncor Electric Delivery Company LLC, 1616 Woodall Rodgers Freeway, Dallas, Texas 75202, Attention: Matthew C. Henry; Fax No.: 214-486-2067; Email Address: matt.henry@oncor.com;

(ii) if to the Lender, to it at ERCOT, 7620 Metro Center Drive, Austin, Texas 78744, Attention: Chad V. Seely; Fax No.: (512) 225-7079; Email Address: Chad.Seely@ercot.com.

Unless the Lender otherwise prescribes, notices and other communications sent to an email address will be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement); provided, however, that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication will be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(b) Any party hereto may change its address, facsimile number or email address for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement will be deemed to have been given on the date of receipt.

7.2 Waivers; Amendments.

(a) No failure or delay by the Lender in exercising any right or power hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender hereunder are cumulative and are not exclusive of any rights or remedies that it would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the TDU Borrower therefrom will in any event be effective unless the same is permitted by Section 7.2(b), and then such waiver or consent will be effective only in the specific instance and for the purpose for which given.

(b) This Agreement or any provision hereof may not be waived, amended or modified, and no consent to any departure by the TDU Borrower from any provision hereof or thereof, except pursuant to an agreement or agreements in writing entered into by the TDU Borrower and the Lender.

7.3 Attorneys' Fees. The Lender shall be entitled to recover from the TDU Borrower its reasonable and documented out-of-pocket attorneys' fees, expert fees, and costs incurred by the Lender upon the occurrence of an Event of Default or in the event Lender must protect, defend, or enforce its rights against the TDU Borrower in any action or proceeding arising out of or relating to this Agreement.

7.4 Successors and Assigns. The provisions of this Agreement are binding upon and will inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby. The TDU Borrower shall not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender (and any attempted assignment or transfer by the TDU Borrower without such consent will be null and void). The Lender shall not assign or otherwise transfer its rights or obligations hereunder without the prior written consent of the TDU Borrower (and any attempted assignment or transfer by the Lender without such consent will be null and void). Nothing in this Agreement, expressed or implied, will be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

7.5 Counterparts; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which will constitute an original, but all of which when taken together will constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by electronic communication will be effective as delivery of a manually executed counterpart of this Agreement.

7.6 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction will not invalidate such provision in any other jurisdiction.

7.7 Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement is governed by and will be construed and enforced in accordance with the Laws of the State of Texas without regard to the choice of law principles thereof.

(b) Each of the parties hereto hereby irrevocably and unconditionally submits to the exclusive jurisdiction of the PUC in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined by the PUC. Each of the parties hereto agrees that a final judgment in any such action or proceeding will be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this

Agreement before the PUC. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding before the PUC.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for Notices in Section 7.1; provided, however, that service of process may not be made by e-mail. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

7.8 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

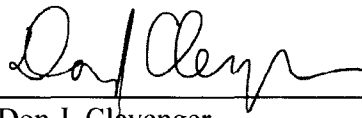
7.9 Headings. Article and Section headings used herein are for convenience of reference only, are not part of this Agreement and will not affect the construction of, or be taken into consideration in interpreting, this Agreement.

7.10 Integration. This Agreement and the other Loan Documents (if any) constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

[SIGNATURES PAGES FOLLOW]

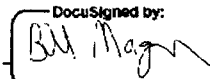
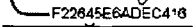
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**ONCOR ELECTRIC DELIVERY COMPANY
LLC**


By: 

Don J. Clevenger
Senior Vice President and Chief Financial
Officer

**ELECTRIC RELIABILITY COUNCIL OF
TEXAS, INC.**

By:  _____
Name:  _____
Title: President & CEO

April 8, 2020 | 12:52 PM PDT

Approved as to form (ERCOT Legal):  _____

SCHEDULE I**Allocation of ERCOT Total Contribution
among TDU Program Participants**

<u>TDU Program Participant</u>	<u>Residential Customers as of December 31, 2019</u>	<u>Percentage of All Residential Customers</u>	<u>Allocation of ERCOT Total Contribution</u>
Oncor Electric Delivery Company LLC	3,129,177	48.39%	\$7,258,360.60
CenterPoint Energy Houston Electric, LLC	2,243,188	34.69%	\$5,203,242.70
AEP Texas Inc.	881,537	13.63%	\$2,044,791.15
Texas-New Mexico Power Company	212,800	3.29%	\$493,605.55
TOTAL	6,466,702	100.00%	\$15,000,000.00

Project No. 50664

Issues Related to the State of Disaster for Coronavirus Disease 2019

Attachment 4

LOAN AGREEMENT

Dated as of April 14, 2020

between

TEXAS-NEW MEXICO POWER COMPANY,
as the TDU Borrower,

and

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.,
as the Lender

LOAN AGREEMENT

dated as of

APRIL 14, 2020

between

**TEXAS-NEW MEXICO POWER COMPANY,
as the TDU Borrower,**

and

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.,
as the Lender**

LOAN AGREEMENT

THIS LOAN AGREEMENT (as amended, supplemented, restated or otherwise modified from time to time, this “Agreement”) effective as of April 14, 2020, is made and entered into between **TEXAS-NEW MEXICO POWER COMPANY** (the “TDU Borrower”) and **ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.** (“ERCOT” or the “Lender”).

RECITALS

WHEREAS, on March 13, 2020, in response to the growing threat of the coronavirus disease (“COVID-19”), Governor Greg Abbott issued a Declaration of State of Disaster (the “Declaration”) for all counties in the State of Texas;

WHEREAS, in connection with the Declaration, on March 26, 2020, the Public Utility Commission of Texas (the “PUC”) issued that certain Order Related to COVID-19 Electricity Relief Program in Project No. 50664, *Issues Related to the State of Disaster for Coronavirus Disease 2019* (the “Order”), pursuant to which the PUC authorized a customer assistance program for eligible residential customers of retail electric service in areas of the State of Texas open to customer choice (the “COVID-19 Electricity Relief Program”);

WHEREAS, the Order requires the TDU Borrower to (a) file within ten days of the date of the Order a tariff rider (the “Rider”) to implement the terms of the COVID-19 Electricity Relief Program and (b) comply with all other applicable provisions thereof;

WHEREAS, the Order further requires ERCOT to provide an initial contribution in the form of a loan to the TDU Borrower, and to each other transmission and distribution utility in the ERCOT region (collectively with the TDU Borrower, the “TDU Program Participants”), for the COVID-19 Electricity Relief Program, such aggregate initial contribution to be in an aggregate amount of \$15,000,000 (the “ERCOT Total Contribution”) for all of the TDU Program Participants;

WHEREAS, the TDU Borrower has agreed that the ERCOT Total Contribution will be allocated among the TDU Program Participants in proportion to the number of residential customers reported to the PUC for each TDU Program Participant as of December 31, 2019 as set forth on Schedule I attached hereto; and

WHEREAS, the parties hereto have agreed to enter into this Agreement to set forth the terms upon which ERCOT shall loan the initial contribution to the TDU Borrower and upon which the TDU Borrower shall repay said contribution, as more particularly set forth herein;

NOW, THEREFORE, in consideration of the premises and further valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

“Agreement” has the meaning set forth in the introductory paragraph hereof.

“Business Day” means any day that is not a Saturday, a Sunday, or a day on which commercial banks in the State of Texas are authorized or required by Law to remain closed.

“Default” means any condition or event that, with the giving of notice or lapse of time (or any combination of the foregoing), would become an Event of Default.

“dollars” or “\$” refers to lawful money of the United States of America.

“Effective Date” means the Business Day on which all of the conditions set forth in Section 4.1 shall have been satisfied or waived, which date is the date of this Agreement.

“Event of Default” has the meaning assigned to such term in Article VI.

“GAAP” means generally accepted accounting principles in the United States, as in effect from time to time.

“Governmental Approval” means (a) any authorization, consent, approval, license, waiver, ruling, permit, tariff, rate, certification, exemption, filing, variance, claim, order, judgment, decree, sanction or publication of, by or with; (b) any notice to; (c) any declaration of or with; or (d) any registration by or with, or any other action by or on behalf of, in each case, any Governmental Authority.

“Governmental Authority” means the government of any nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Insolvency Event” means (a) the filing by the TDU Borrower or any subsidiary thereof of any case or proceeding under any chapter of Title 11 of the United States Code, whether voluntary or involuntary; (b) any assignment for the benefit of creditors under any applicable Law in any jurisdiction, whether voluntary or involuntary, by the TDU Borrower or any subsidiary thereof; (c) the TDU Borrower’s liquidation of more than 20% of total assets without prior written consent of ERCOT; (d) the voluntary or involuntary appointment of a receiver, custodian or trustee as to any assets of the TDU Borrower or any subsidiary thereof; or (e) the admission in writing by the TDU Borrower of its inability to pay its debts as they become due.

“Law” means all laws, statutes, treaties, ordinances, codes, acts, rules, regulations, Governmental Approvals and orders of all Governmental Authorities, whether now or hereafter in effect.

“Lender” has the meaning set forth in the introductory paragraph hereof.

“Loan” has the meaning set forth in Section 2.1 hereof.

“Loan Documents” means, collectively, this Agreement and any other agreements and documents executed and delivered in connection herewith or therewith, as such agreements, documents or instruments may be amended, modified or supplemented from time to time.

“Material Adverse Effect” means any material adverse effect on the ability of the TDU Borrower to perform its obligations under the Loan Documents to which it is a party.

“Maturity Date” means (a) September 26, 2020, which is the date on which the COVID-19 Electricity Relief Program ends as set forth in the Order as of the Effective Date, unless the end date of the COVID-19 Electricity Relief Program is extended by the PUC, in which case the Maturity Date will be such later end date of the COVID-19 Electricity Relief Program, or (b) any later date for repayment of the Loan as set forth in an order of the PUC.

“Obligations” means, collectively, all principal of the Loan, and all related fees, costs, indemnities and other obligations, liabilities and indebtedness, whether due by acceleration or otherwise, of the TDU Borrower to the Lender, whether now existing or hereafter incurred, arising under the Loan Documents, whether direct or indirect, absolute or contingent, including interest accruing at any post-default rate and interest accruing after the commencement of any case, proceeding or other action relating to bankruptcy, insolvency, reorganization or similar proceeding of the TDU Borrower, whether or not a claim for post-petition interest is allowed in any such proceeding.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“TDU Borrower” has the meaning set forth in the introductory paragraph hereof.

“Transactions” means the execution, delivery and performance by the TDU Borrower of the Loan Documents, the borrowing of the Loan and the use of the proceeds thereof.

1.2 Terms Generally. The definitions of terms herein apply equally to the singular and plural forms of the terms defined. The words “include”, “includes” and “including” are deemed to be followed by the phrase “without limitation”. Unless the context requires otherwise: (a) any definition of or reference to any order, agreement, instrument or other document herein refers to such order, agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein); (b) any reference herein to any Person includes such Person’s successors and assigns; (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, refer to this Agreement in its entirety and not to any particular provision hereof; (d) all references herein to Articles, Sections and Exhibits refer to Articles and Sections of, and Exhibits to, this Agreement; and (e) the words “asset” and “property” have the same meaning and effect and refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

ARTICLE II

THE LOAN

2.1 Loan. Subject to the terms and conditions set forth herein and the requirements of the COVID-19 Electricity Relief Program, the Lender shall make a loan to the TDU Borrower on the Effective Date in a single advance in the principal amount of FOUR HUNDRED NINETY-THREE THOUSAND, SIX HUNDRED FIVE AND 55/100 DOLLARS (\$493,605.55) (the "Loan"). The Loan is not revolving in nature; amounts repaid or prepaid may not be reborrowed.

2.2 Funding of the Loan. The principal amount of the Loan shall be disbursed by the Lender on the Effective Date (or such other Business Day as agreed to in writing by the TDU Borrower and the Lender) by wire transfer of immediately available funds by 3:00 p.m., Austin, Texas time, to an account specified in writing by the TDU Borrower.

2.3 Repayment of the Loan.

(a) The TDU Borrower hereby unconditionally promises to pay the Lender the then unpaid principal amount of the Loan on the Maturity Date.

(b) The TDU Borrower from time to time and on any Business Day may make optional prepayments of all or any part of the principal amount of the Loan.

2.4 Interest. The principal amount of the Loan shall not bear interest, except to the extent provided in Section 2.5.

2.5 Default Interest. In the event that the TDU Borrower shall fail to pay the unpaid principal amount of the Loan on the Maturity Date, the unpaid principal amount of the Loan shall accrue interest at the rate of 2% per annum beginning the first day after the Maturity Date until all such outstanding principal is paid, which accrued interest shall be paid at the time the outstanding principal is paid.

2.6 Evidence of Indebtedness. The Lender shall maintain in accordance with its usual practice an account evidencing the indebtedness of the TDU Borrower to the Lender resulting from the Loan. The entries made in the account maintained by the Lender shall be conclusive absent manifest error of the amount of the Loan and any payments thereon. Any failure to so record or error in doing so shall not, however, limit or otherwise affect the obligation of the TDU Borrower to repay the Loan in accordance with the terms of this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The TDU Borrower represents and warrants to and for the benefit of the Lender on the Effective Date as follows:

3.1 Organization, Powers, Etc. The TDU Borrower (a) is a corporation duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization; and (b) has full corporate power and authority to execute, deliver and perform its obligations under this Agreement and the other Loan Documents.

3.2 Governmental Consent or Approval. The execution, delivery and performance by the TDU Borrower of this Agreement and the other Loan Documents, and the validity and enforceability against the TDU Borrower of this Agreement and the other Loan Documents, to the extent not already obtained, do not and will not require registration with, or the consent or approval of, or any other action by, any Governmental Authority applicable to it or its property.

3.3 Authorization, Absence of Conflicts, Etc. The execution, delivery and performance by the TDU Borrower of this Agreement and the other Loan Documents (a) have been duly authorized by the TDU Borrower; (b) do not and will not violate any material provision of law (federal or state), or any material order, rule or regulation of any court or other Governmental Authority to which the TDU Borrower is subject; and (c) do not and will not violate or constitute a default under its certificate of formation or organization or its bylaws or any material agreement or instrument to which the TDU Borrower is a party or by which the TDU Borrower or any of its assets is bound, other than in the case of clauses (b) and (c), any such conflict, violation, breach, or default that would not reasonably be expected to have a Material Adverse Effect.

3.4 No Defaults. No Default or Event of Default has occurred and is continuing under this Agreement or any other Loan Document.

3.5 Information Provided by the TDU Borrower. The representations and statements made by the TDU Borrower contained herein or in any other Loan Document were, when issued and taken as a whole, correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not materially misleading.

3.6 No Insolvency Event. As of the Effective Date, the TDU Borrower is not the subject of an Insolvency Event.

3.7 Allocation of ERCOT Total Contribution. The information set forth on Schedule I attached hereto for the number of residential customers reported to the PUC for the TDU Borrower is true and correct in all material respects, and the TDU Borrower agrees to its allocation of the ERCOT Total Contribution as set forth in Schedule I attached hereto.

ARTICLE IV **CONDITIONS**

4.1 Effective Date. The obligation of the Lender to close this Agreement and make the Loan is subject to satisfaction of the following conditions:

(a) The Lender (or its counsel) shall have received from the TDU Borrower either: (i) a counterpart of this Agreement signed on behalf of the TDU Borrower; or (ii) written evidence satisfactory to the Lender (which may include telecopy or electronic transmission of a signed signature page of this Agreement) that the TDU Borrower has signed a counterpart of this Agreement.

(b) The representations and warranties of the TDU Borrower set forth in this Agreement shall be true and correct in all material respects on and as of the date hereof, except to the extent any such representation or warranty is stated to relate to an earlier date, in which case

such representation and warranty will be true and correct in all material respects on and as of such earlier date.

(c) At the time of and immediately after giving effect to the Loan, no Default or Event of Default shall have occurred and be continuing.

(d) The TDU Borrower shall have filed the Rider and provided the Lender with a copy of the Rider filed with the PUC and the Notice of Approval by the PUC of the Rider.

ARTICLE V **COVENANTS**

Until the date on which the Loan has been repaid in full, the TDU Borrower covenants and agrees with and for the benefit of the Lender as follows:

5.1 Books and Records. The TDU Borrower shall keep proper books of record and account in which full, true and correct entries in all material respects will be made reflecting all financial transactions of the TDU Borrower to the extent required by GAAP.

5.2 Existence; Conduct of Business. The TDU Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business, except where the failure to do so in each case would not reasonably be expected to have a Material Adverse Effect.

5.3 Payment and Performance of Obligations. The TDU Borrower shall pay and perform its obligations before the same shall become delinquent or in default that, if not paid or performed, would reasonably be expected to result in a Material Adverse Effect or an Insolvency Event, except where: (a) (i) the validity or amount thereof is being contested in good faith by appropriate proceedings and (ii) the TDU Borrower has set aside on its books appropriate reserves with respect thereto in accordance with GAAP; or (b) the failure to pay or perform pending such contest would not reasonably be expected to result in a Material Adverse Effect or an Insolvency Event.

5.4 Insurance. The TDU Borrower shall maintain, with insurance companies that the TDU Borrower believes are financially sound and responsible at the time the relevant coverage is placed or renewed (or to the extent that the TDU Borrower deems it prudent to do so, through its own program of self-insurance), insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses of comparable size and financial strength and with comparable risks operating in the same or similar locations.

5.5 Compliance with Laws. The TDU Borrower shall comply with all laws, rules, regulations and orders, including the requirements of the COVID-19 Electricity Relief Program, of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

5.6 Use of Proceeds. The TDU Borrower shall use the proceeds of the Loan solely as authorized by the COVID-19 Electricity Relief Program, including for the reimbursement of retail electric providers and the TDU Borrower pursuant thereto, the reimbursement of the third-party administrator pursuant thereto, and repayment of the Loan. The TDU Borrower shall recognize on its books, in a separate general ledger account, a liability to ERCOT for the unpaid principal amount of the Loan. The TDU Borrower shall also book a regulatory liability for all Rider collections, which Rider collections shall be used solely as authorized by the COVID-19 Electricity Relief Program, including for the reimbursement of retail electric providers and the TDU Borrower pursuant to the COVID-19 Electricity Relief Program, the reimbursement of the third-party administrator pursuant thereto, and repayment of the Loan.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

6.1 Events of Default. The occurrence of any one of the following shall be an event of default under this Agreement (each, an “Event of Default”):

(a) the TDU Borrower shall fail to pay any principal of the Loan when and as the same shall become due and payable;

(b) any representation or warranty made or deemed made by the TDU Borrower in any Loan Document, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document, shall prove to have been incorrect in any material respect when made or deemed made;

(c) the TDU Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Loan Document, and, in each case, such failure shall continue unremedied for a period of ten (10) days after the date on which the Lender gives the TDU Borrower written notice of such failure; or

(d) the occurrence or existence of any Insolvency Event with respect to the TDU Borrower.

6.2 Remedies. Upon the occurrence and at any time thereafter during the continuance of any Event of Default, the Lender, by notice to the TDU Borrower, may declare the Loan then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter, at the request of the Lender, and provided an Event of Default then exists, be declared to be due and payable), and thereupon the principal of the Loan so declared to be due and payable, together with all fees and other obligations of the TDU Borrower, if any, accrued hereunder, will become due and payable immediately, without presentment, demand, protest or other notice of any kind (other than as set forth herein), all of which are hereby waived by the TDU Borrower; provided, however, that in case of any event with respect to the TDU Borrower described in Section 6.1(d), the principal of the Loan then outstanding, together with all fees and other obligations of the TDU Borrower, if any, accrued hereunder, will automatically become due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration, or other notice of any kind, all of which are hereby waived by the TDU Borrower.

ARTICLE VII

MISCELLANEOUS

7.1 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein must be in writing and must be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or email, as follows:

(i) if to the TDU Borrower, to it at Texas-New Mexico Power Company, 577 N. Garden Ridge Boulevard, Lewisville, Texas 75067, Attention: Legal Department; Fax No.: 214-222-4156; Email Address: Scott.Seamster@pnmresources.com;

(ii) if to the Lender, to it at ERCOT, 7620 Metro Center Drive, Austin, Texas 78744, Attention: Chad V. Seely; Fax No.: (512) 225-7079; Email Address: Chad.Seely@ercot.com.

Unless the Lender otherwise prescribes, notices and other communications sent to an email address will be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement); provided, however, that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication will be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(b) Any party hereto may change its address, facsimile number or email address for notices and other communications hereunder by notice to the other party hereto. All notices and other communications given to either party hereto in accordance with the provisions of this Agreement will be deemed to have been given on the date of receipt.

7.2 Waivers; Amendments.

(a) No failure or delay by the Lender in exercising any right or power hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender hereunder are cumulative and are not exclusive of any rights or remedies that it would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the TDU Borrower therefrom will in any event be effective unless the same is permitted by Section 7.2(b), and then such waiver or consent will be effective only in the specific instance and for the purpose for which given.

(b) This Agreement or any provision hereof may not be waived, amended or modified, and no consent to any departure by the TDU Borrower from any provision hereof or thereof, except pursuant to an agreement or agreements in writing entered into by the TDU Borrower and the Lender.

7.3 Attorneys' Fees. The Lender shall be entitled to recover from the TDU Borrower its reasonable and documented out-of-pocket attorneys' fees, expert fees, and costs incurred by the Lender as a result of the occurrence of an Event of Default or in the event Lender must protect, defend, or enforce its rights against the TDU Borrower in any action or proceeding arising out of or relating to this Agreement.

7.4 Successors and Assigns. The provisions of this Agreement are binding upon and will inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby. The TDU Borrower shall not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender (and any attempted assignment or transfer by the TDU Borrower without such consent will be null and void). The Lender shall not assign or otherwise transfer its rights or obligations hereunder without the prior written consent of the TDU Borrower (and any attempted assignment or transfer by the Lender without such consent will be null and void). Nothing in this Agreement, expressed or implied, will be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

7.5 Counterparts; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which will constitute an original, but all of which when taken together will constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by electronic communication will be effective as delivery of a manually executed counterpart of this Agreement.

7.6 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction will not invalidate such provision in any other jurisdiction.

7.7 Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement is governed by and will be construed and enforced in accordance with the Laws of the State of Texas without regard to the choice of law principles thereof.

(b) Each of the parties hereto hereby irrevocably and unconditionally submits to the exclusive jurisdiction of the PUC in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined by the PUC. Each of the parties hereto agrees that a final judgment in any such action or proceeding will be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this

Agreement before the PUC. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding before the PUC.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 7.1; provided, however, that service of process may not be made by e-mail. Nothing in this Agreement will affect the right of either party to this Agreement to serve process in any other manner permitted by law.

7.8 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

7.9 Headings. Article and Section headings used herein are for convenience of reference only, are not part of this Agreement and will not affect the construction of, or be taken into consideration in interpreting, this Agreement.

7.10 Integration. This Agreement and the other Loan Documents (if any) constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

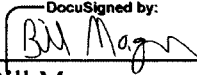
[SIGNATURES PAGES FOLLOW]


IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

TEXAS-NEW MEXICO POWER COMPANY

By: Neal Walker
Name: Neal Walker
Title: President

**ELECTRIC RELIABILITY COUNCIL OF
TEXAS, INC.**

By: 
Name: **Bill Magnus**
Title: **President and Chief Executive Officer**
April 14, 2020 | 6:27 AM PDT

Approved as to form (ERCOT Legal): 

SCHEDULE I

**Allocation of ERCOT Total Contribution
among TDU Program Participants**

TDU Program Participant	Residential Customers as of December 31, 2019	Percentage of All Residential Customers	Allocation of ERCOT Total Contribution
Oncor Electric Delivery Company LLC	3,129,177	48.39%	\$7,258,360.60
CenterPoint Energy Houston Electric, LLC	2,243,188	34.69%	\$5,203,242.70
AEP Texas Inc.	881,537	13.63%	\$2,044,791.15
Texas-New Mexico Power Company	212,800	3.29%	\$493,605.55
TOTAL	6,466,702	100.00%	\$15,000,000.00